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Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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February 27, 2009

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To: Supervisor Don Knabe, Chair
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in dark ink, appearing to be "W. T. Fujioka", with a long horizontal flourish extending to the right.

SACRAMENTO UPDATE

This memo contains an update on the State Budget, a pursuit of a County position on legislation, information on recent legislative hearings on hospital emergency rooms and health care reform, and an upcoming hearing on the Federal Economic Stimulus package.

State Budget

Revised Estimated Impact on the County

As reported in our February 20, 2009 Sacramento Update, the recently enacted FY 2008-09 Special Session Budget and the FY 2009-10 State Budget Act will result in losses to the County of \$25.8 million in FY 2008-09 and \$98.0 million in FY 2009-10. Combined with the reductions the County incurred as part of the FY 2008-09 State Budget Act, the projected County loss through June 30, 2010 is \$252.4 million.

However, based on updated information from the Department of Finance (DOF), the California State Association of Counties (CSAC) reports that Statewide funding levels for various public safety programs in FY 2008-09 and FY 2009-10 have changed. **We reviewed the most current information, and we now estimate that the County loss in FY 2008-09 would decrease from \$25.8 million to \$21.5 million, and the loss in FY 2009-10 would increase from \$98.0 million to \$103.0 million. As a result of these changes, the estimated total loss to the County through June 30, 2010 would increase by \$719,000 to \$253.1 million.** The details of the revised estimates affect public safety programs and are illustrated in the following table:

"To Enrich Lives Through Effective And Caring Service"

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Revised Estimates Affecting Public Safety Programs

FY 2008-09			
Special Session Budget Reductions	February 20, 2009 Estimate	Revised Estimate	Change
Juvenile Probation & Camp Funding	(\$ 16,740,000)	(\$ 13,555,000)	\$ 3,185,000
Juvenile Justice Crime Prevention Act Program	(\$ 7,140,000)	(\$ 5,721,000)	\$ 1,510,000
Citizen's Option for Public Safety (COPS)	(\$ 1,907,000)	(\$ 1,510,000)	\$ 397,000
FY 2008-09 Reductions	(\$ 25,787,000)	(\$ 20,786,000)	\$ 5,001,000

FY 2009-10			
State Budget Act Restorations	February 20, 2009 Estimate	Revised Estimate	Change
Juvenile Probation & Camp Funding	\$ 16,740,000	\$ 13,079,000	(\$ 3,661,000)
Juvenile Justice Crime Prevention Act Program	\$ 7,140,000	\$ 5,529,000	(\$ 1,611,000)
Citizen's Option for Public Safety (COPS)	\$ 1,907,000	(\$ 1,459,000)	(\$ 448,000)
FY 2009-10 Restorations	\$ 25,787,000	(\$ 20,067,000)	(\$ 5,720,000)

In addition, based on the new information from DOF, we are now able to determine that in FY 2008-09 the County will experience losses of: 1) \$192,000 for the Multi-Jurisdictional Methamphetamine Enforcement Grant Program; 2) \$333,000 for the High Technology Theft Apprehension and Prosecution Program; and 3) \$205,000 for the Sexual Assault Enforcement Program. It is anticipated that these program reductions will be restored in FY 2009-10. The revised estimated impact on the County by program is included in Attachment I.

Federal Stimulus Revenue - Clarification

This section responds to questions regarding which programs would be restored if the \$10 billion Federal Stimulus trigger is activated. In our February 20, 2009 Sacramento Update we reported that the FY 2009-10 State Budget Act also contains a \$10 billion stimulus trigger to restore funding for specific programs if Federal Stimulus revenues are sufficient to offset \$10 billion in State General Fund costs. The program

restorations would occur if the Director of Finance and the State Treasurer determine by April 1, 2009 that funds in this amount will be available.

Consistent with our Sacramento Update of February 20, 2009, if the Federal Stimulus Revenue mechanism is triggered, the only program reductions currently affecting the County, which would be restored, are: **1) a \$24.4 million loss for the County's Federal Safety Net Care Pool and South Los Angeles Preservation Funds; and 2) a \$5.6 million loss for Medi-Cal optional benefit costs incurred by the County.** In addition, if the trigger is met, other program reductions which do not affect the County directly will be restored including: grant reductions for SSI/SSP and CalWORKs participants, funding for higher education and court-related costs, and partial restoration of the Personal Income Tax surcharge.

Pursuit of County Position on Legislation

SB 29 (Denham), as introduced on December 2, 2008 would: 1) require the California Science Center to sell the parcel of land that the Los Angeles Memorial Coliseum (Coliseum) and the Los Angeles Memorial Sports Arena (Sports Arena) occupy, and the State's share of the Sports Arena structure; 2) rescind the agreement that established the Los Angeles Memorial Coliseum Commission (Commission); and 3) upon the completion of the sale, terminate the Joint Powers Authority (JPA) among the County, City of Los Angeles, and the California Science Center.

SB 29 would authorize the California Department of General Services to establish a process to solicit bids for the fair market sale of the parcel of land that the Coliseum and the Sports Arena occupy and the State's share of the Sports Arena structure. The buyer or buyers who agree to use the parcel and structures for their existing purposes would be exempt from applicable State and local environmental laws and regulations with regard to improvements, construction, or remodeling. Any outstanding revenue bonds issued to finance the construction of the Sports Arena would be fully redeemed in accordance with the bond agreement and the JPA. In addition, SB 29 would provide for the continuing administration of the Sports Arena and for the transfer of any title and interest in the Coliseum structure that may be held by the Commission to the City of Los Angeles and the County.

County Counsel indicates that SB 29, as it purports to unilaterally affect the status of the Coliseum Commission or the contractual rights and relationships of the City, County, and the Coliseum Commission, would be illegal in several significant respects. These would include: 1) unconstitutional violation of the separation of powers doctrine by encroachment on the municipal affairs of the City of Los Angeles and the County of Los Angeles, both of which are constitutionally authorized and established independent charter entities; 2) unconstitutional abrogation of contractual rights and relationships of the City and County, and the independently created and non-tax supported Coliseum Commission; and 3) unconstitutional special legislation affecting the California Joint

Exercise of Powers Act relating to only one entity, the Coliseum Commission, among the hundreds of joint powers authorities, which have been duly created and are operating under the authority of that Act.

Based on prior opposition to SB 1060 (Ridley-Thomas) of 2008, AB 261 (Wright) of 2001, AB 260 (Wright) of 1999, and other similar bills, which would have eliminated the Coliseum Commission and required the sale of the parcel of property the Coliseum and/or Sports Arena occupy, **the Sacramento advocates will oppose SB 29.**

SB 29 is sponsored by the author and there is no registered support or opposition. This bill is currently in the Senate Governmental Organization Committee awaiting a hearing date.

Assembly Health Committee Hearing on Hospital Emergency Rooms

On February 24, 2009, the Assembly Health Committee held an informational hearing on "Hospital Emergency Rooms: Challenges and Opportunities." Assembly Health Committee Chair, Dave Jones, indicated that emergency rooms (ERs) have seen increased patient visits because of a growing number of uninsured and underinsured, and also insured patients who are unable to secure timely appointments with primary care or specialty care physicians. A number of advocacy organizations, including the California Chapter of the American College of Emergency Physicians and the California Hospital Association, testified at the hearing as did representatives from the California Academy of Family Physicians and the Service Employees International Union (SEIU).

A representative from the California Chapter of the American College of Emergency Physicians testified that increased ER visits result from a shortage of primary care physicians to treat Medi-Cal patients because of low reimbursement rates, and urged that Medi-Cal reimbursement rates be increased. A spokesperson for the California Academy of Family Physicians added that increased ER visits also are a consequence of the shortage of primary care physicians (PCPs), and that an additional 39 percent will be needed over the next 14 years to meet the nation's demand for primary care. The spokesperson recommended providing loan repayment programs for medical students or tax incentives to recruit PCPs in underserved areas.

A California Hospital Association (CHA) representative indicated that ER overcrowding is a symptom of a broken health care system and that significant hospital closures over the last decade throughout California have contributed to overcrowding in ERs at the remaining hospitals. The CHA representative suggested that increased reimbursement rates, streamlining Medi-Cal enrollment, and mitigating health care cuts to counties could help to reduce overcrowding in ERs. A representative from SEIU recommended that the State further investigate chronic illness and disease management efforts as a way to control the number of ER visits, and agreed that there should be loan repayment programs for medical students to become PCPs.

Senate Health Committee Hearing on Health Care Reform

On February 25, 2009, the Senate Health Committee held an informational hearing on the "Outlook for Health Care Reform." Senate Health Committee Chair, Elaine Alquist, indicated that 6.5 million Californians are uninsured and that she will pursue health reform legislation. Senator Mark Leno said that high medical bills are the single biggest factor in personal bankruptcies, and announced that he will introduce single-payer legislation. Senator Leno noted that there is enough money in the State's health care system to provide health coverage for all Californians, but there is no mechanism to contain costs.

A representative from the Center for American Progress indicated that 14,000 people a day are becoming uninsured and that a vast majority of Americans favor health care reform. The representative said that Congress is about to begin a major debate on health care reform, noting that President Obama's proposed budget would appropriate \$634 billion over ten years to reform the nation's health care system.

A spokesman for the University of California Center for Labor and Research described a shared responsibility approach, which builds upon employer-based coverage. The spokesman noted that the cost of inaction is greater than the cost of reform, and that a shared responsibility approach must address affordable premiums while controlling out-of-pocket expenses for employees, indicating that the greatest obstacle to this approach will be determining who bears future risks.

An assistant professor of Sociology and Health Policy from the University of California San Francisco indicated a single payer, or universal coverage approach, yields the best value for the health care dollar. The professor said that it would involve a public-private partnership where patients can retain their own doctors and make meaningful choices for their health care while controlling skyrocketing costs.

The Director of the Healthy San Francisco Program spoke about how this program has made health care accessible and affordable to uninsured residents in San Francisco. The Director indicated that Healthy San Francisco is a safety net program, which has helped over 60,000 residents gain access to primary and preventive care by providing them with a Medical Home concept, which refers to a system of medical care managed by a personal physician responsible for coordinating care provided by a team of medical professionals, and a primary care physician, as well as specialty care, urgent and emergency care, and hospital inpatient services.

A representative from the California Association of Public Hospitals and Health Systems indicated that meaningful health care reform must include expanding coverage, improving access that is efficient, cost-effective, and patient-centered, and ensuring high quality care for all Californians.

Upcoming Assembly Budget Committee Hearings

The Assembly Budget Committee will hold an overview hearing on the Federal Economic Stimulus package on Wednesday, March 4, 2009, at 1:30 p.m., and on Wednesday, March 11, 2009, at 1:30 p.m. The Committee will discuss the State's cash management and debt situation.

Upcoming Senate Health Committee Hearing on Health Care Workforce

The Senate Health Committee will hold a hearing on Wednesday, March 4, 2009, at 1:30 p.m. on the "Health Care Workforce." The Committee will focus on where health care workforce shortages exist and their overall systemic cause. This hearing is part of a series on workforce related issues that reflect Senate President pro Tempore Darrell Steinberg's interest in finding ways to reduce the high school drop-out rate and to encourage students to decide on a career path which will keep them in school.

Master Bill List

A roster containing the status of all bills with a County advocacy position is contained in Attachment II.

We will continue to keep you advised.

WTF:GK:ML
MR:MS:sb

Attachments

cc: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities

**ESTIMATED IMPACT TO LOS ANGELES COUNTY
FROM THE FY 2008-09 SPECIAL SESSION BUDGET AND
THE FY 2009-10 STATE BUDGET ACT**

Programs:Health

Medi-Cal Provider and Managed Care Rates
Federal Safety Net Care Pool Payments
South Los Angeles Preservation Fund
California Healthcare for Indigents Program
Section 1931(b) Medi-Cal Eligibility
Medi-Cal Eligibility for Legal Immigrants
Medi-Cal Optional Benefits Reductions

Public Health

HIV/AIDS Treatment and Prevention
Family and Health Programs
Alcohol and Other Drug Programs / Drug Medi-Cal Program
Proposition 36 Program/Offender Treatment Program
Immunization Program
Drug Court Programs
Perinatal Substance Abuse Treatment Programs
Other Non-Medi-Cal Drug Programs

Mental Health

Mental Health Managed Care Program
Institutes for Mental Disease
Mental Health Services Act (Proposition 63) Funds

Social Services

Adult Protective Services Administration
Medi-Cal Program Administration - Cost-of Doing-Business
In-Home Supportive Services (IHSS) Administration
IHSS Program - Reduction of Recipient Services
Reduced State Participation in IHSS Wages
Food Stamps Administration
CalWORKs Program - Grant Reductions
CalWORKs Single Allocation Funding
Cash Assistance Program for Immigrants

Justice and Public Safety

Juvenile Probation and Camp Funding
Juvenile Justice Crime Prevention Act (JJCPA) Program
Citizens Option for Public Safety (COPS) Program
Multi-Jurisdictional Methamphetamine Enforcement Grants
High Technology Theft Apprehension and Prosecution Program
Sexual Assault Felony Enforcement Program

General Government ⁽⁵⁾

Delay of Deferred Mandate Payments
Public Library Fund
Subventions for Open Space (Williamson Act)

Notes:

- (1) This column reflects the budget cuts the County experienced when the FY 2008-09 State Budget Act was enacted.
(2) If the Federal Stimulus Revenue mechanism in the amount of \$10 billion is triggered, funding for these programs would be restored.
(3) There is insufficient data to determine the impact on the County. We are working with the State to determine the impact of this proposal.
(4) Voter approval is required to shift Proposition 63 funds from counties to support State costs for the Early Periodic Screening, Diagnosis and Treatment Program. The County will lose an additional \$66.4 million in FY 2010-11.
(5) The budget package contains a proposal that removes the cap on the property tax increment for a redevelopment area in the City of Glendora, which would result in the loss of \$35.3 million to the County over a 21-year period.
This action would result in a County loss of \$1.15 million in FY 2008-09 and \$1.19 million in FY 2009-10.

This table represents the estimated loss/gain of State funds based upon the FY 2008-09 Adopted Budget, the FY 2008-09 Special Session Budget Adjustments and the FY 2009-10 Approved Budget. It does not reflect the actual impact on the County or a department which may assume a different level of State funding or be able to offset lost revenue.

	(A) Adopted Budget FY 2008-09 ⁽¹⁾	(B) Special Session Adjustments FY 2008-09	(C) Total Losses FY 2008-09	(D) Approved Budget FY 2009-10	(E) Total Losses Thru June 30, 2010
Medi-Cal Provider and Managed Care Rates	(\$8,738,000)	0	(\$8,738,000)	0	(\$8,738,000)
Federal Safety Net Care Pool Payments	0	0	0	(14,400,000)	(14,400,000)
South Los Angeles Preservation Fund	0	0	0	(10,000,000)	(10,000,000)
California Healthcare for Indigents Program	(5,300,000)	0	(5,300,000)	0	(5,300,000)
Section 1931(b) Medi-Cal Eligibility	0	0	0	0	0
Medi-Cal Eligibility for Legal Immigrants	0	0	0	0	0
Medi-Cal Optional Benefits Reductions	0	0	0	(5,600,000)	(5,600,000)
Public Health					
HIV/AIDS Treatment and Prevention	(1,200,000)	0	(1,200,000)	?	(1,200,000)
Family and Health Programs	(202,000)	0	(202,000)	0	(202,000)
Alcohol and Other Drug Programs / Drug Medi-Cal Program	(6,400,000)	0	(6,400,000)	0	(6,400,000)
Proposition 36 Program/Offender Treatment Program	(3,049,000)	0	(3,049,000)	0	(3,049,000)
Immunization Program	(81,000)	0	(81,000)	0	(81,000)
Drug Court Programs	(626,000)	0	(626,000)	0	(626,000)
Perinatal Substance Abuse Treatment Programs	(610,000)	0	(610,000)	0	(610,000)
Other Non-Medi-Cal Drug Programs	(180,000)	0	(180,000)	0	(180,000)
Mental Health					
Mental Health Managed Care Program	(3,800,000)	0	(3,800,000)	0	(3,800,000)
Institutes for Mental Disease	(6,300,000)	0	(6,300,000)	0	(6,300,000)
Mental Health Services Act (Proposition 63) Funds	0	0	0	(64,400,000)	(64,400,000)
Social Services					
Adult Protective Services Administration	(2,600,000)	0	(2,600,000)	0	(2,600,000)
Medi-Cal Program Administration - Cost-of Doing-Business	(33,400,000)	0	(33,400,000)	(15,400,000)	(48,800,000)
In-Home Supportive Services (IHSS) Administration	(5,100,000)	0	(5,100,000)	0	(5,100,000)
IHSS Program - Reduction of Recipient Services	0	0	0	0	0
Reduced State Participation in IHSS Wages	0	0	0	0	0
Food Stamps Administration	(6,900,000)	0	(6,900,000)	0	(6,900,000)
CalWORKs Program - Grant Reductions	0	0	0	0	0
CalWORKs Single Allocation Funding	(17,600,000)	0	(17,600,000)	0	(17,600,000)
Cash Assistance Program for Immigrants	0	0	0	0	0
Justice and Public Safety					
Juvenile Probation and Camp Funding	(8,000,000)	(13,555,000)	(21,555,000)	13,079,000	(8,476,000)
Juvenile Justice Crime Prevention Act (JJCPA) Program	(3,300,000)	(5,721,000)	(9,021,000)	5,529,000	(3,492,000)
Citizens Option for Public Safety (COPS) Program	(1,000,000)	(1,510,000)	(2,510,000)	1,459,000	(1,051,000)
Multi-Jurisdictional Methamphetamine Enforcement Grants	0	(192,000)	(192,000)	192,000	0
High Technology Theft Apprehension and Prosecution Program	0	(333,000)	(333,000)	333,000	0
Sexual Assault Felony Enforcement Program	0	(205,000)	(205,000)	205,000	0
General Government ⁽⁵⁾					
Delay of Deferred Mandate Payments	(14,000,000)	0	(14,000,000)	(14,000,000)	(28,000,000)
Public Library Fund	(182,000)	0	(182,000)	0	(182,000)
Subventions for Open Space (Williamson Act)	(4,000)	0	(4,000)	0	(4,000)
Total	(\$128,572,000)	(\$21,516,000)	(\$150,088,000)	(\$103,003,000)	(\$253,091,000)

COUNTY OF LOS ANGELES - CHIEF EXECUTIVE OFFICE

STATUS OF BILLS OF INTEREST TO THE COUNTY

2009-10 LEGISLATIVE SESSION

These are bills we are pursuing in Sacramento pursuant to Board actions or as reported in bill policy memoranda.

<u>BILL</u>	<u>AUTHOR</u>	<u>POSITION</u>	<u>SUBJECT</u>	<u>STATUS</u>
AB 87	Davis	County-sponsored	Prohibits a store from providing a single use carryout bag, including a green carryout bag, to a customer unless the store charges a fee at the point of sale. Exempts certain customers from paying the fee. Establishes the Bag Pollution Fund in the State Treasury. Requires the manufacturer of a single use carryout bag to develop educational materials to encourage the reducing, reusing and recycling of single use bags.	Assembly Natural Resources
AB 128	Coto	Opposed (State Update: 2/20/09)	Would extend the period after termination of employment that a retired public safety officer could file a workers' compensation claim for cancer and be entitled to a legal presumption that the cancer is job related. The presumption, which is currently three months for each year of service, would be extended to one year for each year of service. Existing law caps the presumption period at five years; AB 128 would remove this cap.	Assembly Insurance
AB 139	Brownley	County-sponsored	Would authorize the Los Angeles County Flood Control District to implement storm water fees, upon voter approval consistent with the requirements of Proposition 218 of 2006, to fund clean water programs.	Assembly Local Government
AB 215	Feuer, Smyth	Support (Board Action: 2/17/09)	Would require a long-term health care facility to post the overall facility rating information determined by the Federal Centers for Medicare and Medicaid Services (CMS), including the number of stars assigned to the facility out of a possible five stars. The overall Five Star Quality Rating is comprised of scores for health inspections, staffing, and how well the facility is caring for the physical and clinical needs of residents. The information would be required to be posted in an area accessible and visible to members of the public; the employee break room; and in common areas used by residents for dining, resident council meetings, or other activities.	Assembly Desk